



**Canadian Vickers
Limited.**
Annual Report
November 1967

CANADIAN VICKERS

LIMITED

WHOLLY-OWNED SUBSIDIARIES

CANADIAN VICKERS INDUSTRIES LIMITED

CANADIAN VICKERS SHIPYARDS LIMITED

MONTRÉAL DIVISION

GEO. T. DAVIE DIVISION

MONTRÉAL SHIP REPAIRS LIMITED

ASSOCIATE COMPANIES

VICKERS KREBS LIMITED

NEWFOUNDLAND MARINE WORKS LIMITED

CANADIAN VICKERS, LIMITED

DIRECTORS

*W. BHERER, Q.C., *Quebec, Que.*
J. M. BREEN, *Montreal, Que.*
*F. H. BROWN, C.B.E., *Vancouver, B.C.*
*C. L. DEWAR, O.B.E., *Montreal, Que.*
P. W. GOOCH, *Montreal, Que.*
*J. ERIC HARRINGTON, *Montreal, Que.*
G. H. MACDOUGALL, *Montreal, Que.*
*R. K. McCONNELL, *Toronto, Ont.*
HON. JEAN RAYMOND, M.L.C., Q.C., *Montreal, Que.*
J. A. REEKIE, *Montreal, Que.*
SIR LESLIE ROWAN, K.C.B., C.V.O., *London, England.*
A. SANKOFF, *Montreal, Que.*
*A. P. WICKENS, *London, England.*
*Member of Executive Committee

OFFICERS

W. BHERER, Q.C., *Chairman of the Board*
J. ERIC HARRINGTON, M.E.I.C., *President and Chief Executive Officer*
L. L. LATREMOILLE, *Vice-President - Purchasing and Services*
JAMES M. PACKHAM, *Vice-President—Special Projects*
J. A. REEKIE, C.A., *Vice-President—Finance, Comptroller and Treasurer*
J. H. ROGERS, C.A., *Secretary*

WHOLLY OWNED SUBSIDIARIES

CANADIAN VICKERS INDUSTRIES LIMITED

OFFICERS

P. W. GOOCH, *President*
T. J. FARRELL, *Vice-President—Sales*
J. A. REEKIE, *Treasurer*
J. H. ROGERS, *Secretary*

CANADIAN VICKERS SHIPYARDS LIMITED

OFFICERS

A. SANKOFF, *Executive Vice-President*
K. E. WOOD, *Vice-President*
J. A. REEKIE, *Treasurer*
J. H. ROGERS, *Secretary*

TO THE SHAREHOLDERS

The Annual Report of your Company, including subsidiaries both wholly and partially owned, together with financial statements and the auditors' report is presented herewith.

Consolidated net losses for the year ended November 30, 1967 were \$6,571,106 compared to \$929,219 net profit in 1966. These losses have been mostly incurred in the Shipbuilding section of the Company's operations.

The institution of a new accounting procedure which takes into account all future losses immediately they are known rather than progressively towards completion of the contracts accounts for \$2.5 million of the reported loss.

A dividend of 25¢ per share was paid on January 15, 1967. This was reduced to 20¢ per share payable April 15, 1967. Dividends were omitted for the balance of the year. Future dividends can only be contemplated after both our net working capital and net worth positions have been restored to a satisfactory level.

During the year labour demands reached extreme levels accompanied by slowdowns in production in our two yards and a disastrous strike of nearly nine weeks in Montreal. The new wage agreement ending the strike amounts to nearly 30% increase over three years with 12% effective in 1967. As a result, the cost of material and labour has escalated at a much faster pace than could be reasonably foreseen when bidding on ships between 1964-66 and we must now pay a much higher price than contemplated to complete the contracts.

In view of the severe reduction of our working capital, your Company's financial resources have been under great pressure and we have been fortunate to have the full support and assistance of the majority shareholder, Vickers Limited, U.K., to back us in meeting our requirements.

Several important steps have been taken to improve Shipyard operations. Mr. A. Sankoff, formerly Vice-President Manufacturing of Industries division, is now fully responsible for our shipbuilding and ship repairing activities. His long experience and familiarity with our operations should prove invaluable in this position. A new Personnel Manager is now responsible for all matters pertaining to personnel policies of the Company, including negotiations and supervision of collective labour agreements.

Critical Path Methods in planning have been instituted and in operation for nearly a year and results are now being realized. Consultants have been brought in to advise on modern methods of production in the shops and to fully institute a sophisticated planning system. They will complete their assignment in June 1968. Increased productivity and consequential savings are expected from this programme allowing us in the future to benefit from new ship construction contracts obtained through competitive bidding.

More emphasis is being placed on Research and Development and progress has been made towards developing a line of our own company products. Patent rights were purchased on a flash drying process used in the pulp and paper industry and it is hoped to develop this market on a profitable basis.

Based on foreseeable results to be obtained with increased productivity in shipbuilding and a relatively high backlog of business on hand, 1968 should produce an appreciable improvement in the Company's financial position.

Since the last Annual Meeting several changes have been made in the composition of your Board of Directors and Officers.

On March 20th Mr. J. Eric Harrington, M.E.I.C., was appointed President and Chief Executive Officer of the Company and Mr. Wilbrod Bherer, Q.C., was appointed Chairman of the Board. The previous Report announced the intention of Mr. R. C. Pearse and Major-General A. E. Walford, C.B., C.B.E., M.M., E.D., to retire and their resignations have been accepted with regret.

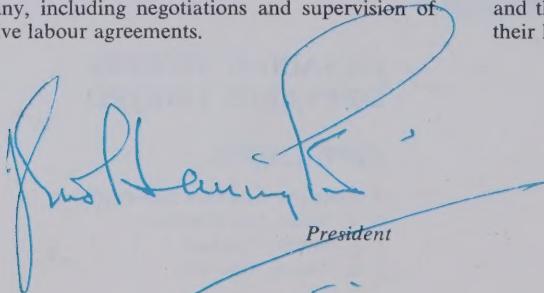
In June 1967, Mr. Gordon H. MacDougall, Assistant to the President of Shawinigan Chemicals Limited, was elected to your Board. Mr. MacDougall brings with him many years of experience in the chemical manufacturing field.

During the year Mr. J. A. S. Peck resigned as President of Canadian Vickers Shipyards Limited and as a director of Canadian Vickers Limited.

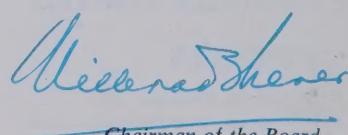
Mr. A. Sankoff, who was appointed Executive Vice-President and Chief Executive Officer of Canadian Vickers Shipyards Limited, has recently been elected a director of Canadian Vickers Limited.

Your Directors sincerely regret to report the death of Mr. Maurice Paquet, Executive Vice-President of Geo. T. Davie division. Mr. Paquet was regarded with the highest esteem and respect throughout the shipbuilding industry and his experience, counsel and administrative ability will be greatly missed.

During the past year the loyalty and efforts of our employees have contributed greatly in an endeavour to improve the operating effectiveness of the Company and the Directors take pleasure in thanking them for their help to the organization.



Eric Harrington
President



Wilbrod Bherer

Chairman of the Board

COMPARATIVE EARNINGS

| EARNINGS: | 1967 | 1966 | 1965 | 1964 | 1963 |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Before Taxes | \$ (7,391,953) | \$ 1,684,219 | \$ 1,950,660 | \$ 1,147,066 | \$ 335,312 |
| Income Taxes | (820,847) | 755,000 | 857,000 | 456,000 | 405,385 |
| Net Profits (Losses) | (6,571,106) | 929,219 | 1,093,660 | 691,066 | (70,073) |
| Depreciation Provided from Earnings | 1,169,552 | 1,118,907 | 957,814 | 899,971 | 541,324 |
| WORKING CAPITAL: | | | | | |
| Current Assets | \$21,716,758 | \$28,669,789 | \$25,430,638 | \$16,671,560 | \$16,676,860 |
| Current Liabilities | 19,300,336 | 18,821,127 | 16,408,156 | 17,773,709 | 13,202,631 |
| Net Working Capital | 2,416,422 | 9,848,662 | 9,022,482 | (1,102,149) | 3,474,229 |
| Ratio | 1.13 to 1 | 1.52 to 1 | 1.55 to 1 | .94 to 1 | 1.26 to 1 |
| COMMON STOCK: | | | | | |
| Issued Shares | 547,000 | 547,000 | 547,000 | 547,000 | 547,000 |
| Earnings (Losses) per Share | \$ (12.01) | 1.70 | 2.00 | 1.26 | (.13) |
| Dividends Paid per Share | \$.20 | 1.00 | 1.00 | 1.00 | 1.00 |
| Equity Book Value | \$ 12.76 | 24.98 | 24.28 | 23.28 | 23.02 |
| MISCELLANEOUS: | | | | | |
| Additions to Fixed Assets | \$ 687,007 | \$ 858,992 | \$ 1,083,319 | \$ 5,228,935 | \$ 1,898,538 |

AUDITORS' REPORT

DELOTTE, PLENDER, HASKINS & SELLS
CHARTERED ACCOUNTANTS

MONTREAL OSHAWA TORONTO HAMILTON
WINDSOR OSHAWA WINNIPEG REGINA CALGARY
EDMONTON PRINCE GEORGE VANCOUVER

ASSOCIATED FIRMS IN UNITED STATES OF AMERICA, GREAT
BRITAIN AND OTHER COUNTRIES THROUGHOUT THE WORLD.

SUN LIFE BUILDING
MONTREAL 2, CANADA

To the Shareholders of
Canadian Vickers, Limited:

We have examined the consolidated balance sheet of Canadian Vickers, Limited and its subsidiary companies as at November 30, 1967 and the consolidated statements of income and expenditure, earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, except that we did not examine the financial statements of a partially owned subsidiary company with respect to which we have been supplied a report of other auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, except for the change in the method of computing losses on contracts in progress as explained in Note 7 to the financial statements, on a basis consistent with that of the preceding year.

Deloitte, Pledger, Haskins & Sells

January 12, 1968.

Auditors.



CANADIAN VICKERS, LIMITED
(and its subsidiary companies)

CONSOLIDATED

as at November 30, 1967

ASSETS

| | | <u>1967</u> | <u>1966</u> |
|---|---------------------|---------------------|-------------|
| CURRENT ASSETS: | | | |
| Cash | | \$ 224,593 | \$ 233,498 |
| Deposits on tenders and duty: | | | |
| Cash | \$ 146,029 | | |
| Government of Canada bonds, at cost (market value \$297,488) | <u>293,795</u> | 439,824 | 1,001,982 |
| Accounts receivable, less allowance for doubtful accounts | | 13,569,491 | 11,044,147 |
| Inventories, valued at lower of cost or market | 2,008,795 | | |
| Work in progress at estimated sales value - (Note 7) | <u>66,940,716</u> | | |
| | 68,949,511 | | |
| Less amounts invoiced | <u>62,234,123</u> | 6,715,388 | 15,636,649 |
| Duty drawback claims receivable | 368,954 | | 248,738 |
| Prepaid expenses | 398,508 | | 504,775 |
| TOTAL CURRENT ASSETS | 21,716,758 | 28,669,789 | |
| OTHER ASSETS: | | | |
| Ships for resale, at cost | 1,803,491 | | |
| Less 9% mortgages — (Note 2) | \$ 1,135,048 | | |
| Depreciation | <u>403,791</u> | 1,538,839 | |
| | 264,652 | | 428,475 |
| Refundable income taxes | 106,810 | | 86,119 |
| Sundry investments, at cost | <u>7,715</u> | | 12,215 |
| TOTAL OTHER ASSETS | 379,177 | 526,809 | |
| FIXED ASSETS — (Note 1): | | | |
| Land, dry docks, buildings and equipment | 27,598,923 | | 27,068,084 |
| Less accumulated depreciation | <u>17,081,325</u> | | 16,289,914 |
| NET FIXED ASSETS | 10,517,598 | 10,778,170 | |
| TOTAL | \$32,613,533 | \$39,974,768 | |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS

- Fixed Assets:**
Assets acquired since 1941 have been valued at cost. In the year 1941 and prior some of the assets were valued at appraised values, but these do not represent a significant portion of the total.
- Debentures and Mortgages:**
The 5.75% Series A debentures due 1981 mature as follows:
October 1, 1968 and 1969 — \$275,000 1975 and 1976 — \$400,000
1970 — \$300,000 1977 and 1978 — \$450,000
1971 — \$325,000 1979 and 1980 — \$500,000
1972 and 1973 — \$350,000 1981 — \$550,000
1974 — \$375,000
- The 9% First mortgages on ships, due May 1, 1974, have repayment provisions of not less than \$75,000 per year in each of the next five years. The ships cannot be surrendered as settlement of the mortgage until the principal amount has been reduced to \$1,000,000.
- Deferred Credits:**
The company became liable in December 1967, for the taxes on

BALANCE SHEET

(with 1966 figures for comparison)

LIABILITIES

| | <u>1967</u> | <u>1966</u> |
|--|-------------------|-------------------|
| CURRENT LIABILITIES: | | |
| Bank loan for tender deposits | \$ 33,720 | \$ 250,470 |
| Bank indebtedness — secured | 9,514,598 | 2,531,049 |
| Short-term notes | — | 3,200,000 |
| Accounts payable | 7,434,283 | 8,090,237 |
| Dividend payable | — | 136,750 |
| Taxes payable | 542,105 | 898,657 |
| Debentures and mortgages due in 1968 — (Note 2) | 350,000 | 325,000 |
| Advance payments on contracts | 1,425,630 | 3,388,964 |
| TOTAL CURRENT LIABILITIES | <u>19,300,336</u> | <u>18,821,127</u> |
| OTHER LIABILITIES AND CREDITS: | | |
| Secured debentures, 5.75% Series A, due October 1, 1981 — (Note 2) | 5,225,000 | 5,500,000 |
| Past-service pension cost, fundable over four years | 585,654 | 726,836 |
| Deferred credits — (Note 3) | 941,213 | 1,823,380 |
| TOTAL OTHER LIABILITIES AND CREDITS | <u>6,751,867</u> | <u>8,050,216</u> |
| MINORITY INTEREST: | | |
| CAPITAL STOCK AND SURPLUS: | | |
| Capital stock — (Note 4): | | |
| Authorized — 600,000 common shares of no par value | 2,695,000 | 2,695,000 |
| Issued and fully paid — 547,000 shares | 4,286,739 | 10,967,245 |
| Earned surplus | 6,981,739 | 13,662,245 |
| TOTAL CAPITAL STOCK AND SURPLUS | <u>32,613,533</u> | <u>39,974,768</u> |

Approved by the Board:

W. BHERER, *Director.*

J. ERIC HARRINGTON, *Director.*

TOTAL **\$32,613,533** **\$39,974,768**

\$1,990,000 of recaptured depreciation from the sale of a ship. It is considered that the provision of \$941,213 is adequate to cover any potential tax liability which may result.

Accelerated depreciation had been claimed for tax purposes but not recorded in the books in 1966 and prior years, which resulted in income taxes of \$882,167 being deferred. It is the company's intention to reverse this procedure when filing its 1967 income tax returns.

4. Stock Options:

Options expiring in 1969 permit the acquisition of 3,000 shares of the company's capital stock at \$20.00 per share.

5. Leases:

Most of the Montreal plant and drydocks are situated on property leased from the National Harbours Board. The 40-year leases expire December 31, 2003. The annual rental is presently \$217,000, with provision for a review of rental rates to be made each five years.

The assets of Montreal Ship Repairs Limited are located on property owned by the St. Lawrence Seaway Authority. A renewal of one of the leases is under negotiation, but neither the amount nor the term is significant in overall operations.

6. Lawsuits:

Two actions have been taken, one against the company in the amount of \$521,715 and the other against the company and its employee's union in the amount of \$250,000. Management considers the liability, if any, which may result will be negligible.

7. Change in Valuation of Work in Progress:

It has previously been the company's practice to reflect in the accounts, profits and losses from contracts in proportion to the progress toward completion. This procedure with regard to contracts which are expected to result in a profit has been continued. Where losses are anticipated provision has been made for the expected losses as soon as they are recognized. This change in valuation of work in progress has resulted in the loss for the year being approximately \$2,578,000 greater than it would otherwise have been.

8. Dividend Restriction:

The Trust Deed of the Series A Debentures prohibits the payment of dividends while the Consolidated Net Working Capital is less than \$3,500,000, and the Consolidated Tangible Net Worth is less than \$12,000,000.

CANADIAN VICKERS, LIMITED

(and its subsidiary companies)

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

for the year ended November 30, 1967

(with 1966 figures for comparison)

| | <u>1967</u> | <u>1966</u> |
|--|----------------------|---------------------|
| SALES PRODUCED | <u>\$54,162,143</u> | <u>\$76,143,010</u> |
| OPERATING PROFIT (LOSS) FOR THE YEAR BEFORE TAKING INTO ACCOUNT THE ITEMS SHOWN BELOW | <u>\$(5,709,187)</u> | <u>\$ 3,476,385</u> |
| DEDUCT: | | |
| Depreciation | 1,169,552 | 1,118,907 |
| Directors' remuneration, including salaries of officers who are directors | 174,666 | 209,150 |
| Debentures and mortgage interest | 439,926 | 410,412 |
| Deferred income taxes — (Note 3) | (882,167) | — |
| Provision for income taxes | 61,320 | 755,000 |
| Interest earned | (153,127) | (45,841) |
| Minority interest | 51,749 | 99,538 |
| | <u>861,919</u> | <u>2,547,166</u> |
| NET PROFIT (LOSS) FOR THE YEAR | <u>\$(6,571,106)</u> | <u>\$ 929,219</u> |

CONSOLIDATED STATEMENT OF EARNED SURPLUS

for the year ended November 30, 1967

(with 1966 figures for comparison)

| | <u>1967</u> | <u>1966</u> |
|---|---------------------|---------------------|
| BALANCE AT BEGINNING OF YEAR | <u>\$10,967,245</u> | <u>\$10,585,026</u> |
| ADD: | | |
| Net Profit (loss) for the year | <u>(6,571,106)</u> | <u>929,219</u> |
| | <u>4,396,139</u> | <u>11,514,245</u> |
| DEDUCT: | | |
| Dividends of \$0.20 (1966 - \$1.00) per share | <u>109,400</u> | <u>547,000</u> |
| BALANCE AT END OF YEAR | <u>\$ 4,286,739</u> | <u>\$10,967,245</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CANADIAN VICKERS, LIMITED

(and its subsidiary companies)

CONSOLIDATED STATEMENT OF

SOURCE AND APPLICATION OF FUNDS

for the year ended November 30, 1967

(with 1966 figures for comparison)

| | <u>1967</u> | <u>1966</u> |
|---|-----------------------|---------------------|
| FUNDS PROVIDED: | | |
| Net profit (loss) for the year | \$(6,571,106) | \$ 929,219 |
| Depreciation | 1,169,552 | 1,118,907 |
| Sale of fixed assets | 16,850 | 47,588 |
| Decrease in minority interest deficit | 138,411 | 91,471 |
| Decrease of sundry investments | 4,500 | 36,500 |
| TOTAL FUNDS PROVIDED | (5,241,793) | 2,223,685 |
| FUNDS APPLIED: | | |
| Purchase of fixed assets | 687,007 | 858,992 |
| Dividends paid | 109,400 | 547,000 |
| Payment of past-service pension | 141,182 | 141,183 |
| Repayment of debenture and mortgages | 350,000 | 325,000 |
| Refundable income tax | 20,691 | 86,119 |
| Deferred income taxes | 882,167 | (691,142) |
| Net investment in ships | — | 130,353 |
| TOTAL FUNDS APPLIED | \$ 2,190,447 | \$ 1,397,505 |
| INCREASE (DECREASE) IN WORKING CAPITAL | \$ (7,432,240) | \$ 826,180 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

HIGHLIGHTS

CANADIAN VICKERS INDUSTRIES LIMITED

The volume of work produced was considerably less than the previous year primarily due to completion of the subway rolling stock. Early in the year the final deliveries were made of 374 units for the Montreal Metro. The cars operated under unusually severe service load conditions because of Expo '67 and provided very satisfactory service.

The installation of escalators and moving sidewalks for the Metro system has been completed except for a very small amount of work.

The City of Montreal has announced its intention to extend the Metro system in the near future and it is to be hoped that further orders for rolling stock will be secured.

The volume of sales and work produced in the machinery and plate field continued at a fairly high level. Competition in this field is severe and to secure orders and keep the shops operating, quotations at times must be marginal.

A number of important contracts for nuclear power plant work are in progress and additional orders have been received. Work is progressing satisfactorily on the first order of end shields for the Pickering Generating Station of the Ontario Hydro Electric Power Commission and a further order was received during the year. Hydro-Quebec placed a contract with us for the calandria vessel and thermal end shield assembly for their new nuclear power station at Gentilly, Quebec. Further orders for a number of heat exchangers for Atomic Energy of Canada Limited are progressing and work is well advanced on the fuelling machine carriages for the Rajasthan Atomic Power Plant in India. Also in India, the work on the transonic wind tunnel for the Indian Government's National Aeronautical Laboratory at Bangalore is nearly completed. The assembly and erection of components for the new low speed wind tunnel at Uplands Airport in Ottawa is well advanced.

The building of gyratory and jaw crushers for Fuller-Straylor Limited continues to provide work in the mining field. For the pulp and paper industry a number of swimming rolls have been delivered to the Farrell Corporation and are in use in several mills. It is encouraging to note that this type of roll is gaining broad acceptance.

During the year an agreement was signed with Maroma Limited whereby the sole North American rights to manufacture and sell their fibre flash drying process were secured. It is expected this product line will find wide application in the pulp and paper industry.

The Company produced during the year major components for the United States Navy under the Canada-U.S. Defence Sharing Programme. Delivery of this important work was made on schedule.

Phase one of expansion of the main machine shop is now under way and will be completed early in 1968.

CANADIAN VICKERS SHIPYARDS LIMITED

While all divisions of the Company were extremely busy, the results were more than disappointing. The strike referred to previously upset production schedules very seriously and the time lost was even greater than the actual duration of the strike. The Company tendered on a number of ships but was unsuccessful in obtaining new contracts. The backlog of work has decreased substantially and new ship enquiries are fewer.

Government support for shipbuilding has been reduced in that the subsidy on fishing vessels of 50% was reduced to 35%. The subsidy on commercial tonnage is 25% provided the vessel is delivered prior to May 31st, 1969 but this will be reduced to 17% by May 31st, 1972. Canadian subsidies have been reduced at a time when most other shipbuilding countries are increasing their subsidies by various means, either open or hidden.

The devaluation of the British pound by 14.3% improved the competitive position of British shipbuilders seeking business in the Canadian market. In addition, cutbacks of purchases of new tonnage were announced by the Canadian Government.

Montreal Division:

During the fiscal year the C.C.G.S. "Louis S. St-Laurent" was launched on December 3rd, 1966, graciously sponsored by Mrs. Lester B. Pearson. Outfitting work proceeded throughout 1967 and the delivery of the world's most powerful conventionally powered icebreaker is scheduled for the autumn of 1968.

Construction work on the hull of a medium size icebreaker for the Department of Transport is proceeding with a launching scheduled in the spring of 1968. This icebreaker is for service in the Gulf of St. Lawrence and Eastern Arctic waters, and will represent the first application in the world of gas turbine electric propulsion for booster power, in an icebreaker.

Three stern trawlers were delivered to the Canadian Tuna Corporation.

On November 11th the stern section for a 30,000 ton upper laker for Scott Misener Steamships Limited, the third upper laker we have built for this owner, was launched. The bow section is now on the ways and delivery of the ship is scheduled for May, 1968.

A substantial volume of miscellaneous marine work is in hand. This consists mainly of sonar domes and rudders for naval vessels and for masts and derrick structures, all defence orders.

Ship repair activity was at a high level throughout 1967 with the dry docks well occupied throughout the season. The Cunarder, "Sylvania", docked for inspection and temporary repairs in June and is the largest vessel docked at the shipyard since it commenced operations in 1911.

Montreal Ship Repairs Limited:

This Company enjoyed a busy and successful year.

Geo. T. Davie Division:

New ship construction was very active throughout the year. Six stern trawlers were delivered to Atlantic Sugar Refineries Co. Ltd. as well as a tidal current survey vessel for the Department of Energy, Mines and Resources. For reasons common to the Canadian shipbuilding industry, enquiries for new ships are scarce and the only order received during the year was for a 130 foot side trawler for St. Lawrence Sea Products Company.

To meet delivery requirements it has been necessary to transfer the building of two stern trawlers for Atlantic Sugar Refineries Company to this division from Newfoundland Marine Works Limited.

A very serious loss was incurred on 1967 operations, mostly on the tidal current survey vessel, C.S.S. "Dawson". A portion of the loss can be attributed to slowdowns during the four months of labour negotiations.

The volume of repair work secured was only about 65% of the budget figure. The most significant ship repair contract carried out was the replacement of three large diesel generators in the C.C.G.S. "Montcalm".

ASSOCIATE COMPANIES

Vickers Krebs Limited:

This Company had a satisfactory year but because of overcapacity in the fertilizer and bleached pulp industries, faces a depressed market for its services at least in the immediate future.

Newfoundland Marine Works Limited:

The shipyard and shops built for the Newfoundland Government at Marytown were officially opened by the Hon. Joseph R. Smallwood on August 28, 1967. The facilities, which are thoroughly modern and include a syncrolift drydocking platform, are operated by Newfoundland Marine Works Limited, a 60% owned subsidiary of Canadian Vickers Limited.

At present approximately 200 people are employed and the operation of an apprentice system begun in 1966 is expected to develop an adequate skilled work force.

| | | |
|--------------|----------------|---|
| 1967 | 1967 | PROVENANCE DES FONDS: |
| \$ 929,219 | \$ 929,219 | Bénéfice net (perte) de l'exercice |
| 1,118,907 | 1,169,552 | Amortissement |
| 47,588 | 16,850 | Vente d'éléments d'immobilisations |
| 91,471 | 138,411 | Diminution du déficit dans l'intérêt minoritaire |
| 36,500 | 4,500 | Diminution des autres placements |
| 2,223,685 | (5,241,793) | Total |
| | | UTILISATION DES FONDS: |
| 858,992 | 687,007 | Achats d'immobilisations |
| 547,000 | 109,400 | Paitements de dividendes |
| 547,000 | 109,400 | Versements au fonds de pension pour services antérieurs |
| 141,183 | 141,182 | Remboursements de dettes et hypothèques |
| 325,000 | 350,000 | Impôts sur le revenu remboursables |
| 86,119 | 20,691 | Impôts sur le revenu différés |
| (691,142) | 882,167 | Placements net sur navires en exploitation |
| 130,353 | | Total |
| \$ 1,397,505 | \$ 2,190,447 | AUGMENTATION (DIMINUTION) DU FONDS DE ROULEMENT |
| \$ 826,180 | \$ (7,432,240) | |

(avec chiffres correspondants pour 1966)

pour l'exercice terminé le 30 novembre 1967

DE LA PROVENANCE ET DE LA UTILISATION DES FONDS ETAT CONSOLIDÉ

(et ses compagnies filiales)

CANADIAN VICKERS, LIMITED

LES NOTES CI-ANNEXÉES FONT PARTIE INTÉGRALE DE CES ÉTATS FINANCIERS CONSOLIDÉS

| | | | |
|--------------|-------------|---------------|------------------------------------|
| 1966 | 1967 | \$ 10,585,026 | SOLDE AU DÉBUT DE L'EXERCICE |
| 929,219 | (6,571,106) | 4,396,139 | PLUS: |
| 11,514,245 | (6,571,106) | 4,396,139 | Benefice net (perte) de l'exercice |
| 547,000 | 109,400 | \$ 4,286,739 | MOINS: |
| \$10,967,245 | | \$ 4,286,739 | SOLDE À LA FIN DE L'EXERCICE |

(avec chiffres correspondants pour 1966)
pour l'exercice terminé le 30 novembre 1967

ÉTAT CONSOLIDÉ DU SURPLUSS GAGNÉ

| | | | |
|---------------|----------------|----------------|---|
| 1966 | 1967 | \$ 929,219 | BENEFICE NET (PERTE) DE L'EXERCICE |
| 2,547,166 | 861,919 | \$ (6,571,106) | MOINS: |
| 99,538 | 51,749 | | Intérêt minoritaire |
| (45,841) | (153,127) | | Intérêt gagné |
| 755,000 | 61,320 | | Provost pour impôts sur le revenu |
| — | (882,167) | | Impôts sur le revenu différents — (Note 3) |
| 410,412 | 439,926 | | Intérêt sur débentures et hypothèques |
| 209,150 | 174,666 | | Impôts de la direction qui sont administrés |
| 1,118,907 | 1,169,552 | | Remunération des administrateurs compréhendant traitement |
| \$ 3,476,385 | \$ (5,709,187) | | Amortissement |
| \$ 76,143,010 | \$ 54,162,143 | | DE TENIR COMPTRE |
| 1966 | 1967 | | BENEFICE D'EXPLOITATION (PERTE) DE L'ANNÉE AVANT |
| | | | DES ARTICLES INScritS CI-DESSOUS |
| | | | (avec chiffres correspondants pour 1966) |

pour l'exercice terminé le 30 novembre 1967

REVENUS ET DÉPENSES

ÉTAT CONSOLIDÉ DES

(et ses compagnies filiales)

CANADIAN VICKERS, LIMITED

NOTES AUX ETATS FINANCIERS

CONSOLIDES

au 30 novembre 1967

CANADIAN VICKERS, LIMITED

jet ses compagnies filiales)



Le 12 janvier 1968.

Verificateurs.

Dr. Schott, Dr. Schott, Dr. Schott, Dr. Schott

A notre avis, ces états financiers consolidés présentent fidélement la situation financière des compagnies au 30 novembre 1967 ainsi que les résultats de l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus.

Nous avons examiné 16 bilans consolidés de sociétés, limitées et ses compagnies filiales au 30 novembre 1967 et les états consolides des revenus et dépenses, du surplus gagné et de la provence nette de l'utilisation des fonds pour exercice terminé à cette date. Notre examen a comporté une revue générale des comptables ainsi que les sondages des registres comparables des produits et autres revenus à l'appui que nous avons juge nécessaire de faire dans les circonstances suivantes : 1. apport d'au moins 20% des capitaux propres de la compagnie par d'autres investisseurs. 2. apport d'au moins 20% des capitaux propres de la compagnie par d'autres investisseurs.

Canadian Vickers, Limited:

Aux actionnaires de

RAPPORT DES VERIFIEURS

DELOITTE, PLENDER, HASKINS & SELLS

COMPTABLES AGREEES

TABLEAU COMPARATIF

Le président du conseil d'administration

~~the president~~

La fidélité et l'application de notre personnel joue un rôle important dans les efforts que nous avons déployés pour améliorer notre exploitation. Le conseil d'administration est heureux d'annoncer que nous avons dépassé nos objectifs de rentabilité pour l'année 2012. Nous sommes fiers de notre succès et nous continuons à investir dans notre équipe et notre infrastructure pour assurer notre croissance à long terme.

Le conseil d'administration exerce ses prérogatives dans toute l'Industrie, ses capacités administratives devant être égale à l'ensemble des capacités administratives frontalières.

Au cours du dernier exercice, M. J.A.S. Peck a démis ses fonctions de président et d'administrateur de Canadian Vickers Shipbuilding & Engineering Limited et ses postes de président de Canadian Vickers & Westinghouse Electric Company et de vice-président de la Canadian Vickers Shipbuilding & Engineering Company. M. Peck a été nommé délégué à la vente de la Canadian Vickers Shipbuilding & Engineering Company et a été nommé administrateur de la Canadian Vickers Shipbuilding & Engineering Company.

Depuis la dernière assemblée générale annuelle, plusieurs changements sont intervenus dans la composition du conseil d'administration et de notre direction.

D'après les résultats qu'on peut espérer obtenir grâce à une meilleure productivité dans la construction navale et à un meilleur échange de commandes relativement bien rempli, 1988 devrait amener d'appréciables améliorations dans la situation financière de la compagnie.

marques de construction de navires obtenus à la suite de sommes récompenses compétitives.

Lam methodé du schématisme critique, appliquée depuis des années dans nos services de planification, donne des résultats. Des spécialistes ont été appellés à nous conseiller dans la modélisation des méthodes de production de nos sociétés et dans la mise en oeuvre d'un système de planification parfaitement adapté à nos besoins. La technique que nous leur avons confiée se termine en juin 1968.

Àu cours du premier exercice, les exigences relatives aux paiements des points extrêmes, tandis que les productions et la récolte des engrangements dans notre production et qui dépendent de la demande mondiale de nos cultures à court et moyen termes. Les cours du deuxième exercice, les exigences relatives aux paiements des points extrêmes, tandis que les productions et la récolte des engrangements dans notre production et qui dépendent de la demande mondiale de nos cultures à court et moyen termes.

La Compagnie a versé un dividende de 25¢ par action le 15 janvier 1967, et le dividende distribué le 15 juillet 1967 a été dividré d'un 20¢. Pour le reste de l'année, les distributions de dividendes ont été suspendues. On ne peut envisager de nouvelles distributions nettes de la valeur nette de ses fonds de dividende et de réserves à la solde à la fin de l'exercice.

Les pertes nettes constatées pour l'exercice terminé le 30 novembre 1997 se sont élevées à \$6,711,106, chiffre à comparer avec les pertes nettes constatées pour l'exercice terminé le 30 novembre 1996 qui étaient de \$9,927,219. La baisse importante dans les pertes nettes est principalement due à l'augmentation importante dans les domaines de la construction navale.

Nous vous présentons ci-joint le rapport annuel de votre campagne qui a été déposé au conseil des propriétaires exclusifs ou en copropriété, ainsi que les états financiers et le rapport des vérificateurs.

AUX ACTIONNAIRES:

The logo features the word "CANADIAN" in a large, bold, blue, outlined font. Above it, the word "NIKE" is written in a smaller, stylized blue font with a swoosh. A blue circle with a white "C" is positioned to the left of the "NIKE" text. At the top, the word "LIMITED" is written in a smaller, black, sans-serif font.

FILIALES EN PROPRIÉTÉ EXCLUSIVE

CANADIAN VICKERS INDUSTRIES LIMITED
CHANTELES MARTIMES VICKERS DU
CANADA LIMITED
DIVISION DE MONTREAL
DIVISION DE MONTREAL
DIVISION DE GEO. T. DAVIS
MONTREAL SHIP REPAIRS LIMITED

FILIALES EN CO-PROPRIÉTÉ

NEWFOUNDLAND MARINE WORKS LIMITED
VICKERS KREBS LIMITED

AMERICAN MIGRANTS IMITED

CONSEIL D'ADMINISTRATION BUREAU DE DIRECTION

CONSEIL D'ADMINISTRATION

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J. M. BREEREN, C.R., Québec, Québec.
*F. H. BROWN, C.B.E., Vancouver, C.-B.
C. L. DEVAR, Q.B.E., Montréal, Québec.
P. W. GOOD, Montréal, Québec.
J. L. LATREILLE, Vice-président -
Achatas et services
James M. PACKHAM, Vice-président — Projets spéciaux
J. A. REEKE, C.A.,
Vice-président — Finances, contrôleur et trésorier
J. H. ROGERS, C.A., Secrétaire
Hon. JEAN RAYMOND, M.D.C., C.R., Montréal, Québec.
R. K. MCCONNELL, Toronto, Ont.
G. H. MACDOUGALL, Montréal, Québec.
J. ERIC HARRINGTON, C.B.E., Montréal, Québec.

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CANADIAN VICKERS CHARTERS MARITIMES VICKERS DU CANADA LIMITEE INDUSTRIES LIMITEED

BUREAU DE DIRECTION

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A. SANKEY, *Vice-president de direction*
K. E. WOOD, *Vice-président*
J. A. REEKIE, *Tresorier*
J. H. ROGERS, *Secrétaire*
J. H. ROGERS, *Secrétaire*
J. A. REEKIE, *Tresorier*
T. J. FARRELL, *Vice-président—Ventes*

November 1967
Rapport annuel
Canadian Vickers
Limited.



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